



PO Box 1180 • Port Townsend, WA 98368

Administration: (360) 385-0656

Operations: (360) 385-2355

Fax: (360) 385-3988

**Port of Port Townsend
2nd Monthly Meeting Agenda
Wednesday, June 26, 2019, 5:30 p.m.
Port Commission Building
333 Benedict Street
Port Townsend, WA**

- I. Call to Order / Pledge of Allegiance
- II. Approval of Agenda
- III. Public Comments
- IV. Consent Agenda
 - A. Approval of Regular Business Meeting Minutes – June 12, 2019.....1-3
 - B. Approval of Warrants
- V. Second Reading
- VI. First Reading
- VII. Regular Business
 - A. Resolution No. 704-19 – Rescinding Resolution No. 698-19, Multi-year Levy.....4-10
 - B. Direction re Citizens Advisory Committee.....11-12
 - C. May 2019 Financials.....13
- VIII. Staff Comments
- IX. Commissioner Comments
- X. Next Public Workshop / Regular Business Meeting:
Wednesday, July 10, 2019. Workshop at 9:30 am, Meeting at 1:00 pm
Port Commission Building, 333 Benedict Street, Port Townsend, WA
- XI. Executive Session
 - A. Real Estate, pursuant to RCW 42.30.110 (b)
 - B. Personnel, pursuant to RCW 42.30.110 (g)
- XII. Adjournment

PORT COMMISSION REGULAR BUSINESS MEETING – June 12, 2019

The Port of Port Townsend Commission met in regular session at the Commission Building, 333 Benedict Street, Port Townsend, WA

Present: Commissioners Putney, Hanke & Tucker
Deputy Director Toews
Minutes – Nelson
Attorney Chmelik
Excused: Executive Director Pivarnik, Auditor Berg

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

Commissioner Putney called the meeting to order at 1:00 p.m.

II. APPROVAL OF AGENDA:

Commissioner Tucker moved to approve the Agenda as presented.

Commissioner Hanke seconded the motion.

Motion carried by unanimous vote.

RECOGNITION OF PORT EMPLOYEES:

Yard Manager Terry Khile gave thanks and recognized Kristian Ferrero, Customer Service Rep II (and former yard employee) for his five years of service.

Maintenance Manager Chris Sparks thanked Maintenance Tech II Charlie Shaw and recognized his five years of service.

Commissioner Hanke, coming from the voice of a Port lease tenant, praised both employees for the good work.

III. PUBLIC COMMENTS (00:02:43):

Pam Petranek provided comments on the Industrial Development District levy and public process.

Kitt Kittredge asked about the status of previously discussed Citizens Advisory Committees and provided comment on public trust.

IV. CONSENT AGENDA (00:08:35):

A. Approval of Regular Meeting Minutes – May 22, 2019

Approval of Special Meeting Minutes – May 28, 2019

B. Approval of Warrants

Warrant #060594 through #060607 in the amount of \$70,149.68 for Payroll & Benefits

Electronic Payment in the amount of \$109,841.65 for Payroll & Benefits

Warrant #060608 through #060670 in the amount of \$91,603.96 for Accounts Payable

Commissioner Hanke moved to approve the Consent Agenda as presented.

Commissioner Tucker seconded the motion.

Motion carried by unanimous vote.

V. SECOND READING (Action Items):

A. Lease Policy (00:08:49):

Mr. Toews briefed on the policy, presented at prior meetings.

Discussion ensued, including forming an advisory committee to help establish a parking policy; fair market value; capital maintenance & replacement and operations costs; market analyses and market rate; and, holdover status.

Commissioner Tucker moved to adopt the Leasing Policy (titled “Organizational Management & Business Practices”) as presented.

Commissioner Hanke seconded the motion.

Motion carried by unanimous vote.

VI. FIRST READING (Discussion Only):

VII. REGULAR BUSINESS:

A. Best Coast Canvas Lease (00:20:47):

Mr. Toews referred to the staff report, lease and key terms sheet for the Best Coast Canvas proposed lease, which he reported, has been in the works for some months. He added that Ms. Kefgen is not likely to use the total space (approx. 3000 square feet) and has a couple of potential subtenants who would like to lease storage space from her, one of which is the Northwest Maritime Center. Mr. Toews explained the deposit figures and discussion followed. Commissioner Tucker asked why the lease did not include Common Area Maintenance and Parking fees. Discussion followed.

Commissioner Hanke moved to approve the Best Coast Canvas lease as presented.

Commissioner Tucker seconded the motion.

Motion carried by unanimous vote.

B. FAA Grant Funding Authorizing Resolution No. 703-19 (00:34:20):

Mr. Toews reminded on May 15, the Port received notice that Jefferson County International Airport was one of three chosen in the US to receive 100% FAA funding for the runway project. The presented resolution authorizes the Executive Director to execute necessary agreements with the FAA to seek the funding.

Commissioner Hanke moved to adopt Resolution No. 703-19 as presented.

Commissioner Tucker seconded the motion.

Motion carried by unanimous vote.

VIII. STAFF COMMENTS (00:35:40):

Ms. Nelson reported she had her first “tutorial” with Attorney Chmelik on leasing (for her new role as Lease & Contracts Administrator).

IX. COMMISSIONER COMMENTS (00:35:55):

Commissioner Hanke stated he recently was in Sitka and said the marina had dumpsters located at the top of each ramp and the City had dumpsters located throughout Sitka. He discussed the closing of the JCI environmental center and the need to have dumpsters available. He believes the pilot tenants would be willing to look at rate increases to cover the cost of a locked dumpster at the airport. Commissioner Putney said that rather than reopening all the leases, impose a garbage fee. Commissioner Tucker asked if a FOB system could work on the airport enviro center. Mr. Toews added that as stated in the leases, garbage is the responsibility of the tenants. Commissioner Putney would like to continue this discussion at an upcoming workshop.

Commissioner Tucker reported he and Troy McKelvey used the Port boat to set eel grass buoys recently. He also discussed a recent meeting he attended at Fort Worden on plans to redevelop the Marine Science Center, boat ramp and uplands. Commissioner Tucker stated there is a need for parking and discussed his idea of the possibility of considering Port-owned uplands to help alleviate the parking needs.

Commissioner Putney stated the May 28 special meeting was held to surplus the vessel, "Jellyfish". He reported he continues working with the Jefferson County Broadband Steering Committee. Commissioner Putney stated he has been on the "talking circuit" for the IDD. He reported he continues to hear that the Port has no plans for spending the "\$15M". He spoke about the list of plans (Capital Repair & Replacement Plan) for spending that is located on the Port's website. He stated, yes, the Port does have plans for spending this money.

Commissioner Putney allowed further public comments:

Ron Hayes discussed the Capital Repair & Replacement Plan (CRRP) and the Strategic Plan.

Troy McKelvey discussed the dire need to repair to the Point Hudson Jetty.

After hearing from many that the IDD money would probably be used only for Port Townsend projects, Commissioner Putney read from the CRRP, the list of proposed projects located outside of Port Townsend in Districts 2 and 3.

Commissioner Hanke stated he was surprised at how much resistance to the IDD there has been, as Districts 2 & 3 projects would benefit.

Mr. Toews stated the top priority is the Port's core infrastructure and jobs.

Kitt Kittredge discussed Quilcene's needs and the discussion continued, along with more discussion on a Strategic Advisory Committee, the CRRP, citizen involvement, and a parking committee.

Commissioner Putney ended the discussions.

X. NEXT PUBLIC WORKSHOP/REGULAR BUSINESS MEETING:

Wednesday, June 26, 2019. Workshop at 3:00 pm and meeting at 5:30 pm in the Port Commission Building, 333 Benedict St, Port Townsend.

XI. EXECUTIVE SESSION:

XII. ADJOURNMENT:

The meeting reconvened and adjourned at 2:20 p.m. there being no further business to come before the Commission.

ATTEST:

William W. Putney III, President

Stephen R. Tucker, Secretary

Peter W. Hanke, Vice President

**PORT OF PORT TOWNSEND
AGENDA COVER SHEET**

MEETING DATE	June 26, 2019
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. A) Resolution No. 704-19 – Rescinding Resolution No. 698-19, Multi-year Levy
STAFF LEAD	Eric Toews, Deputy Director
REQUESTED	<input checked="" type="checkbox"/> Motion <input type="checkbox"/> Action <input type="checkbox"/> Discussion
ATTACHMENTS	A. Memo B. Resolution No. 704-19

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 6/21/2019
TO: Port Commission
FROM: Eric Toews, Deputy Director
SUBJECT: Industrial Development District (IDD) – Discussion Regarding Whether the Commission Should Rescind Resolution No. 698-19 that Approved Use of a Second Multi-Year Levy Period

BACKGROUND: On March 27, 2019, the Port Commission adopted Resolution No. 698-19, expressing the Commission's intent to impose levies over a second multi-year levy period of up to twenty (20) years under RCW 53.36.160. The Commission adopted the resolution in recognition of: a) the unique role the Port plays in sustaining the economic health of Jefferson County; and b) the critical need for additional revenue to rehabilitate core Port infrastructure that supports more than 2,200 direct, indirect and induced jobs in our community.

The Port used this unique taxing authority once before, between 1967 and 1972. That first exercise of its Industrial Development District (IDD) taxing authority was councilmanic and subject to neither voter pre-approval nor the opportunity for a voter petition process followed by referendum. However, under the relevant statute, RCW 53.36.160, the second levy period may (subject to the timely filing of a petition containing the requisite number of valid signatures of registered voters with the County Auditor) be placed on the ballot at the next election.

On June 19, 2019, the County Auditor contacted Port staff to report that a petition containing between 2,100 and 2,200 signatures had been timely filed, and that the Auditor's Office was initiating the process to verify signatures and determine statutory compliance. The formula for ascertaining the requisite number of signatures is found in RCW 53.36.160(2). That statutory provision states that the signatures of registered voters equivalent to or greater than eight percent (8%) of the total votes cast countywide in the last gubernatorial election must be collected in order to place the matter before the voters. Our last governor's election was November of 2016, when 20,539 votes were cast in Jefferson County (including 90 write-in ballots and 1 over-vote). Eight percent (8%) of 20,539 is 1,643. Thus, the petition would appear (pending certification by the Auditor) to contain more than enough signatures to place the proposition of an additional multi-year levy period on the November election ballot.

DISCUSSION: Resolution No. 704-19 (see attached) would rescind Resolution No. 698-19 which authorized a second multi-year levy period of up to twenty years to complete projects within the boundaries of the IDD. The resolution indicates the following:

- If placed on the November 2019 ballot, it is unlikely that the voters of Jefferson County would approve a second multi-year levy period to fund improvements to core Port

infrastructure – absent substantial additional information, analysis, public outreach, and discussion of the proposition;

- It would be imprudent to proceed to such a vote without presenting the information and engaging in the public discussion outlined above;
- There is insufficient time between now and November of 2019 to organize and implement such an effort; and
- If requesting voter authorization, it may be more prudent to seek a permanent levy lid lift under the authority of RCW 84.55.050, which would provide an enduring and stable source of additional revenue to the Port, in lieu of the time-limited IDD levy authority under RCW 53.36.160.

As has been stated numerous times on the public record, the Port faces more than \$20,000,000 in core infrastructure rehabilitation needs that must be addressed in order to maintain existing lines of business, Jefferson County’s employment base, and our working waterfront character. As the Commission knows, the Port currently receives less than \$1,000,000 annually in taxes from Jefferson County residents. The rest of the Port’s revenues are provided via lines of business such as Boat Yard operations, moorage facilities and land and building leases. Thus, the situation poses a strategic question: If voter assent is to be required to generate additional tax revenue, would it not be a potentially more effective strategy to ask the voters to approve a permanent levy lid lift? A permanent levy lid lift would, if approved, offer a more effective and enduring path to addressing the Port’s capital needs and long-term financial sustainability, and safeguard our community’s economic health and vitality.

RECOMMENDATION: For discussion only. However, if the Jefferson County Auditor’s Office verifies that the petition submitted on June 19 contains a sufficient number of signatures to place the multi-year IDD levy authorized under Resolution No. 698-19 on the November ballot, staff would recommend that Resolution No. 704-19 be reintroduced, and adopted, at the Commission’s July 10, 2019 regular meeting. Note: as neither Resolution No. 698-19, nor proposed Resolution No. 704-19 involve policy matters, a first and second reading of the proposed resolution to rescind the Resolution No. 698-19 would not be required.

ATTACHMENTS: Draft Resolution No. 704-19.

RESOLUTION NO. 704-19

**A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF
PORT TOWNSEND RESCINDING RESOLUTION 698-19 WHICH
AUTHORIZED A MULTIYEAR LEVY PERIOD**

WHEREAS, the Port of Port Townsend is a municipal corporation established in 1924 under Title 53 of the Revised Code of Washington; and

WHEREAS, under RCW 53, the Port of Port Townsend is responsible for developing and maintaining infrastructure that fosters economic development, providing transportation facilities that support commerce and communities within Jefferson County; and

WHEREAS, the Commission of the Port of Port Townsend established an industrial development district ("IDD") in 1966 and levied taxes between 1967 and 1972 to assist in funding the improvement of harbor facilities within the district consistent with RCW 53.36.100;

WHEREAS, on March 27, 2019, and following publication of the required notice, the Commission of the Port of Port Townsend adopted Resolution No. 698-19 setting forth its intent to impose levies over a second multi-year period pursuant to the provisions of RCW 53.36.160; and

WHEREAS, RCW 53.36.160(2) specifies a process by which the signatures of a requisite number of registered voters may be gathered, and a petition filed with the county auditor, in order that the proposition to impose levies over a second multi-year levy period may be submitted to the voters of the port district at a special election, and that no levy may be made unless approved by a majority of the voters at said special election; and

WHEREAS, a petition was duly filed with the Jefferson County Auditor on June 19, 2019, containing more than 2,150 signatures, which, if certified as sufficient, would meet the requisite number of signatures specified under RCW 53.36.160(2) thereby necessitating a special election to put the proposition of whether or not the Port should carry out a second multi-year levy period before the voters of Jefferson County; and

WHEREAS, it is unlikely that the voters of Jefferson County will choose to approve a second multi-year levy period to fund improvements to core Port infrastructure within the IDD absent substantial additional information, analysis, outreach and public discussion of the proposition; and

WHEREAS, the Commission of the Port of Port Townsend does not wish to incur the expense of, or proceed with, a special election on a proposed second multi-year levy period without presenting substantial additional information and analysis, and conducting public outreach, education and permitting further public discussion of the proposal; and

WHEREAS, there is insufficient time to organize and implement such an effort prior to an anticipated special election to be conducted in November of 2019; and

WHEREAS, the Commission believes it may be in the Port's and community's long-term interest to ask the voters of Jefferson County to approve a permanent (single-year) levy lid lift under RCW 84.55.050 as an enduring and stable source of revenue to fund the renewal of Port infrastructure into the future, in lieu of the narrow special taxing authority under RCW 53.36.160;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF PORT TOWNSEND, WASHINGTON, as follows:

Section 1. Resolution No. 698-19 expressing the Commission's intent to impose levies over a second multi-year period pursuant to the provisions of RCW 53.36.160 is hereby rescinded and said Resolution is no longer of any validity or effect whatsoever.

Section 2. Staff is hereby directed to conduct further research, gather relevant information, and report back to the Commission within three (3) months of the passage of this Resolution No. 704-19 on the process and timeline(s) governing the placement of a permanent levy lid lift proposition before the voters of Jefferson County pursuant to RCW 84.55.050.

Section 3. This resolution shall take effect immediately upon its adoption.

ADOPTED AND APPROVED at a regular meeting of the Commission of the Port of Port Townsend, Washington held this 10th day of July 2019.

ATTEST:

Stephen R. Tucker, Secretary

William W. Putney III, President

Peter W. Hanke, Vice President

APPROVED AS TO FORM:

Port Attorney

CERTIFICATE

I, the undersigned, Secretary of the Port Commission of the Port of Port Townsend, Washington (the "Port") and keeper of the records of the Port Commission (the "Commission"), DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 704-19 of the Port Commission (the "Resolution"), duly adopted at a regular meeting thereof held on the 10th day of July 2019.

2. That said meeting was duly convened and held in all respects in accordance with law, due and proper notice of such meeting was given, that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of July 2019.

Stephen R. Tucker, Secretary
Port Commission

**PORT OF PORT TOWNSEND
AGENDA COVER SHEET**

MEETING DATE	June 26, 2019
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. B) Direction re Citizens Advisory Committee
STAFF LEAD	Jim Pivarnik, Executive Director
REQUESTED	<input type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Memo

PORT OF PORT TOWNSEND INFORMATIONAL MEMO

DATE: 6/26/2019
TO: Commission
FROM: Jim Pivarnik, Executive Director
SUBJECT: Citizens Advisory Committee

BACKGROUND

The Citizens Advisory Committee was on the earlier 3:00 pm Public Workshop agenda.

DISCUSSION

Discussion on the formation of a Citizens Advisory Committee.

PORT OF PORT TOWNSEND AGENDA COVER SHEET

MEETING DATE	June 26, 2019
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. C) May 2019 Financials
STAFF LEAD	Abigail Berg, Director of Finance & Administration
REQUESTED	<input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. None. May 2019 Financials to be presented at meeting.